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10-19-83 State locked into Rewald bail fight

By Walter Wright
Advertiser Staff Writer

Authorities have been ordered to show cause why Ronald Rewald shouldn't be released from prison pending his trial on two counts of theft in the Bishop Baldwin case.

The state Supreme Court said Monday that Edwin Shimoda, administrator of the Oahu Community Corrections Center, has until Oct. 26 to file a memo showing cause why Rewald should not be released, either under supervision or on a "reasonable" bail of \$10,000 to \$20,000.

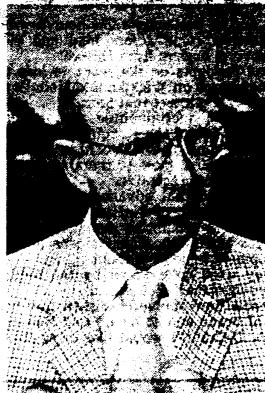
James Dannenberg, a deputy attorney general who advises prison officials, said last night he expects the actual response to the high court will be made by the Honolulu prosecutor's office.

Rewald is being held in lieu of \$10 million bail set by Circuit Judge Robert Won Bae Chang at the prosecutor's request. Chang is scheduled to hear a motion for reduction of bail Monday, two days before the state memo is due.

Rewald's criminal defense attorney, Sam King Jr., moved the bail question to the Supreme Court Friday by filing a petition for a writ of habeas corpus.

Holy Trinity Catholic Church has offered to house Rewald in a small caretaker's room at the church if he is released pending trial.

In a related development, attorneys in the Bishop Baldwin bank-



Robert Smith
Accuses trustee of "coercion"

ruptcy case traded bats yesterday over the collapse of negotiations to sell off assets claimed by Rewald.

Rewald wants the Bishop Baldwin bankruptcy trustee to sue the CIA for investors' money lost in the company's collapse, the trustee's attorney said yesterday.

However, James Wagner, attorney for trustee Reynaldo Grauity, said Rewald has not offered any evidence on which to base such a

claim. Rewald's civil attorney, Robert Smith, yesterday said cryptically that keeping Rewald in jail and penniless is preventing the pursuit of a "way out of all this, the only path which will lead to recovery" of investors' money. He did not elaborate.

Wagner said the only "way out" which Smith has suggested was indeed way out: "He wants the trustee to sue the CIA" on the theory that Rewald's connection with the intelligence agency makes the CIA liable for the losses.

Rewald's company provided mail, phone and telex covers for the CIA, according to the trustee's office. Federal Judge Martin Pence, who sealed several documents from company files at the CIA's request, said the documents showed Rewald had an inflated view of his own importance as an undisclosed "associate" of members and former members of the intelligence community.

Smith accused the bankruptcy trustee of "coercion" in the negotiations.

Wagner fired the same accusation back at Rewald and said he is gearing up for a court fight now that negotiations have halted.

The original proposal was for Rewald to allow the sale of assets — with rights to the proceeds to be determined later — in return for the trustee's payment of premiums on \$6 million worth of Rewald life

insurance.

Rewald then asked for \$50,000 in cash for his wife and five children, deductible from any amount later determined to be Rewald's.

Grauity said he'd pay \$50,000 if Rewald would waive all claims to the assets involved. Rewald countered that he'd do that for \$300,000. That's when the deal fell through.

Yesterday, Smith said the trustee was trying to "force Mr. Rewald into signing over everything without a trial, using Mr. Rewald's concern for his family and his inability to pay the life insurance premiums as a lever. This is coercion . . ."

Wagner said it was Rewald who was trying to coerce the bankruptcy trustee, and that Rewald's constant refusal to cooperate was the principal cause of most of the \$90,000 in legal fees run up already.

Smith questioned the value of the bankruptcy proceeding and the \$9,000 a month being paid to administrative controller Thomas Hayes to handle the case.

Wagner said the bankruptcy has seized assets which the trustee believes belong to the company and has prevented the firm's investment operation from continuing.

Smith said all the trustee has to show for his expenses is an estate worth no more than \$2 million. What Smith demanded, happened to the \$12 million which Hayes said flowed through the company?

Wagner said the money is gone largely because Rewald spent it.

612 Honolulu Star-Bulletin Wednesday, October 17, 1984

10-19-83

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Ho

THREE DOTTED LINES: The Rev. Abraham Akaka set the tone for the "Salute to Chin Ho" in the invocation when he prayed regarding Chin: "He is Thy kind of man . . . he turned the marketplace into a sacred temple" . . . Gen. Fred Weyand, emcee for the festivities, did get in a good-natured shot, though, when he alluded to "the CIA connection in the investment firm of Roosevelt, Truman, Eisenhower and Ho" . . .

EMCEE Fred Weyand got a lot of laughs at the Chin Ho testimonial Monday night but his biggest response came when he told of the financier's involvement with a CIA-affiliated firm called Roosevelt, Truman, Eisenhower and Ho. He said he was making it public "before Larry Price does." Price, you may know, is the KITV reporter who did a series of reports on Ronald Weyand and his

alleged involvement with the CIA, most of which involved a lot of mumbo-jumbo spook-talk that sounded like something out of a Trevanian novel . . . During cocktails before the combo roast and toast I mentioned to Chin's No. 1 son, Stuart Ho, that he seemed a lot trimmer than in days past. Judge Harold Fong commented that when he and Stuart were at the University of Michigan, Ho would slim down at school, then go home and get fat, return and get slim, go home and get fat. Said Ho, "Just like a bear."

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wald. In fact, Zobel had convinced a polo-playing friend, Tommy Campos, to withdraw the US\$135,000 Campos had invested in Bishop Baldwin, according to the newspaper. Rewald's polo interest also led to some business with the Sultan of Brunei, who bought two Corvette cars from him.

Rewald's typical strategy was to enrol "consultants" who would then also invest heavily in the company. One consultant was John Kindisch, the former head of the CIA office here, who also invested more than US\$150,000 with Bishop Baldwin. The US Air Force's recently retired Pacific commander, Lieut.-Gen. Arnold Braswell, who was offered a job by Rewald, who recently said he would retire on October 31 from Ayala Corp., formed with Rewald a property-development company called Ayala Hawaii Corp. Rewald's association with Zobel sprang from their common interest in polo. Rewald, as well as owning the Hawaii Polo Club, owned at least 17 horses. He and Zobel, a former polo champion, reportedly joined forces in 1962 to look for a new site for the club, the lease of which on Oahu's north shore was expiring.

A Zobel associate, Thomas Gomez, recently told the Honolulu Star-Bulletin that Zobel had long been suspicious of Re-

wald, also invested more than US\$100,000. Some of these consultants worked out of offices that were often simply mail drops in other companies, and did not actually conduct transactions. On paper, however, the Bishop Baldwin network appeared as though it stretched from Hong Kong to Central America and Europe. In charge of the Singapore office was Pranata Hajadi, one of several foreign consultants. Working in Taiwan for the company was lawyer Jason Wong.

One of the biggest losers in the com-

pany was consultant Gunadi Gautama of Jakarta, who with two other Indonesians — Henry Suhendra and Hidayah Singgih — invested about US\$1 million in the company only days before it collapsed. Gautama, Suhendra and Singgih now have filed a suit against the Waikiki branch manager of the Hawaii National Bank, claiming he referred investors to Bishop Baldwin.

Two Philippine investors have also filed claims against the company. They accuse Marilou McKenna-Moran who is claiming US\$148,000 on behalf of the Fuller Paint Manufacturing Co. of Manila, and Edward Moran, who is claiming US\$88,000.

Among the Asian assets claimed by the company are investments in oil drilling off the coast of South Korea and an interest in an Asian trading company. Rewald also

had minor interests in 18 other companies, among them an Arabian investment firm and a travel agency. His Swiss connection was a bank account containing just US\$8,50. Rewald also had plans last year to buy a bank in Chile but this apparently was nothing more than a scam in which he would have been the victim.

Close parallels have been drawn between the Bishop Baldwin affair and Nugan Hand Inc., both of which offered high returns on investments and used former military and CIA officials as consultants to their worldwide network of offices. So far, however, there do not appear to be any links between the two companies. □

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The Honolulu Advertiser

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FULL MOON FANDANGO: Rain, rain go away dept.: You know it's wet and muggy when even your computer acts sluggish . . . Just how wet was it? "The air," said **James Grant Benton**, "feels like mochi" . . . The **Ron Rewald** saga continues to make int'l headlines. The Far Eastern Economic Review in Hong Kong recently ran a lengthy article on the story and Money magazine has a reporter in town doing a piece for the Dec. issue□□□

DIS AND DOT: **Tom Selleck** is not yet fully recovered from that hamstring injury suffered during filming of a softball segment a couple of weeks ago. But Tom says he's fit enough to go back to work on Mon. — cutting in half the original diagnosis that he would need six weeks away from the "Magnum" set to heal . . . Among the things



Ronald Rewald's investment company now owes about \$10 million to \$12 million to 413 investors. Analysis of accounts took in a total of \$22.7 million from investors from the end of 1978 until the company closed its doors Aug. 4, it was disclosed yesterday.

More than \$8 million has been claimed to date.

The company shut down after Rewald attempted suicide in the wake of television news reports of official inquiries into his firm's operation. Rewald is being held in state prison in lieu of \$10 million bail pending trial on theft charges.

\$22 million invested with Rewald's firm

Rewald Trustee Denies Payment Charge

The trustee for Ronald Rewald's bankrupt investment firm denied yesterday that he is being paid \$8,000 a month by the firm's estate or that he has engaged in any wrongdoing, as suggested earlier this week by Rewald's civil attorney.

Rewald attorney Robert Smith said in a news release on Tuesday that Reynolds Grauly, the trustee for Bishop, Baldwin, Rewald, Billingham and Wong, "is being paid \$9,000 a month of Bishop Baldwin monies."

In a letter to the Star-Bulletin yesterday, Grauly denied receiving such payments.

"Rather," Grauly said, "I will be paid, as the bankruptcy code limits, a maximum of 1 percent of the gross estate, whatever that turns out to be, and however many years it takes, to wind up the estate's affairs."

Smith also complained in the news release that Grauly had "flatly rejected" Rewald's request for money in return for releasing Grauly from all claims

for "personal liability for his (Grauly's) conduct, among other things."

"Mr. Smith makes it appear to the public that I have committed some culpable act as trustee," Grauly responded in his letter. "I have barely begun my work as trustee and I find his implication most unfair."

Grauly also denied saying, as alleged by Smith, that he "said once that he has all the assets accounted for, down to the last penny."

Rewald's bail reduced to \$200,000

Judge says it must be in cash; defense-lawyer calls sum too high

By Jim Borod
Advertiser Staff Writer

Beleaguered investment counselor Ronald Rewald yesterday gave up his hopes for pre-trial freedom dashed — at least temporarily — as Circuit Judge Robert W.B. Chang reduced his bail on theft charges from \$10 million to a still hefty \$200,000.

Rewald's attorney, Sam King Jr., called the amount "still unreasonably high" and said he would try to get the Hawaii Supreme Court to reduce it today. The high court earlier deferred the issue to await Chang's ruling.

Upon recommendation from Deputy Prosecutor Peter Carlisle, the judge specified that the \$200,000 bail must be in cash — not through a bondsman, who allows a defendant to put up 10 percent and offer security for the rest. King said he doubted Rewald could raise \$200,000.

Rewald's firm of Bishop, Baldwin, Rewald, Dillingham and Wong took in some \$22.7 million in investments over the past five years, but only \$200,000 remains in the central

checking account, bankruptcy administrator Thomas Hayes said. All U.S. assets have been frozen by court order and the firm has been declared bankrupt.

Rewald shook his head as the judge said, "When a person can convince his friends to invest between \$10 million and \$20 million, then he shouldn't have any trouble convincing them to help him raise bail."

King had asked that Rewald's bail be lowered to \$20,000, or that he be released under the supervision of a clergymen at Holy Trinity Rectory, or both.

Chang agreed \$10 million was too high, but refused to release Rewald or grant King's bail request, citing Rewald's lack of community ties here and a prior criminal record in Wisconsin.

Rewald was a high-living, heavy-spending polo buff until his company collapsed amid myriad investigations this summer. He now faces two counts of theft involving a financial operation that had more than 400 investors.



Advertiser photo by T. Umhoefer
Rewald leaves the court building after yesterday's proceedings.

25 Oct 83



Zobel, Lord: a shock for the elite.

Beached in Hawaii

A Honolulu-based empire collapses, with several Asians among some 400 well-heeled investors getting hemmed in

By Paul Addison

Honolulu: For about five years, Ronald Rewald extended his Honolulu-based empire around the globe. His company — Bishop, Baldwin, Rewald, Dillingham & Wong — had offices in Taiwan, Singapore, Tahiti and Indonesia, among other Pacific and Asian locales. Over this domain, the 41-year-old Rewald ruled supreme, employing well-connected consultants, ranking military officers and even the former Honolulu station chief of the CIA, which may have used the company as a mail drop. Among Asians with whom he did business was Philippine businessman Enrique Zobel.

Today Bishop Baldwin is bankrupt and Rewald is in jail, unable to post US\$10 million bail after being indicted in August on two counts of theft by deception. During recent court hearings, incredible tales have emerged of high living by this Wisconsin-born, one-time sporting goods store manager who was in personal bankruptcy in 1976. By offering 20% "guaranteed" returns on investments, Rewald persuaded some 400 well-heeled investors, including a number of notable Asian businessmen, to pour at least US\$13 million into the company. His business methods, said United States federal

judge Martin Pence, had all the makings of a classic Ponzi (or pyramid) scheme in which early investors were paid off by later investors as the stakes grew ever higher.

Bishop Baldwin's public profile was heightened in July with the release of a 331-page report called *Capital Flight from Hong Kong and How Hawaii Can Benefit*. Outwardly impressive, the report was but a transparent compilation of reports about the Hongkong and Hawaii economies, coupled with newspaper reports and some less than eye-opening conclusions.

What drew some attention, however, was the high-sounding name Bishop, Baldwin, Rewald, Dillingham and Wong which was derived from Rewald and his partner, property salesman Sunlin Wong, with the addition of Bishop, Baldwin and Dillingham, three well-known Hawaii families with whom Rewald had no connection.

In the wake of a TV report questioning his company's legitimacy, Rewald locked himself in a room in the Sheraton Waikiki Hotel on July 29 and slashed his wrists. By the time he had recovered, news of the Bishop Baldwin affair — and of Rewald's extravagant tastes — were reverberating

around Hawaii's shocked elite, who knew him as a generous and thoughtful businessman and owner of the Hawaii Polo Club.

More than two months later, most investors are resigned to the fact that they will never see their money again. About half the investors are claiming some US\$8.4 million from Rewald's company. The rest have not filed claims, probably to save themselves from embarrassment, and their names have not been released publicly.

No one will ever know the full extent of the Rewald empire or how many people throughout Asia have been affected. That is because as soon as the scandal erupted the CIA descended on Honolulu, searching through company files and obliterating

in documents any reference to its veiled role in the company. The CIA said only that it was not aware of and has had absolutely nothing to do with Ronald Rewald's alleged appropriation to himself of the funds of Bishop Baldwin or its investors, according to a secret affidavit recently declassified at the request of the US Attorney's Office.

Other details of the Bishop Baldwin controversy suggest that Rewald used his connections in Honolulu and the Pacific basin to convince investors of his company's respectability and credibility. The list of those connections ranged from former Cambodian leader Lon Nol, from whom Rewald bought a US\$1 million house in 1979, to TV's Hawaii Five-O star Jack Lord, who gave Rewald wo

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